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Trade Policy Monitoring

Reaction in the EU to advances made in Doha WTO Talks

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Report Highlights:

At the beginning of the week, both the EU and US presented new proposals for the Doha WTO Talks, to liberalize agricultural tariffs, domestic support and export subsidies. Both the French Minister of Agriculture (supported by a further 12 Member States) and COPA, the EU farms union organization, are keen to see the EU scale back ambition, i.e. limit EU concessions. Agriculture Commissioner Fisher-Boel has been quick to dismiss the criticisms of the Commission's approach but could find her room for maneuver limited in coming months by key Member States such as France. NGO Oxfam have warned of the dangers to the Doha Round if even the Commission's limited proposals are overturned by internal EU opposition.

Includes PSD Changes: No
Includes Trade Matrix: No
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[E3]

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EU and US Offers

U.S. Offer

From the Office of the U.S. Trade Representative
Press Release "[U.S. Offers Bold Plan on Agriculture to Jumpstart Doha Round](#)"¹
Ambitious Initiative Demonstrates Seriousness of Purpose, Says Portman

Fact Sheet "[U.S. Proposal for Bold Reform in Global Agriculture Trade](#)"²

European Commission Offer

EU Trade Commissioner, Peter Mandelson, [speech](#)³ to WTO Doha Round Informal Ministerial, Zurich 10 October

[Statement of EU conditional negotiating proposals – with explanatory annotations](#)⁴

Reactions

USTR Ambassador Portman

Ambassador Portman at a [press conference](#)⁵ in Geneva on Wednesday described the EU proposal as not "come(ing) close to meeting the expectations all of us have on market access". According to US calculations it would result in an average cut in EU farm tariffs of 24.5%, less than the 36% average agreed in the 1986-93 Uruguay round.

French Minister of Agriculture

The French Minister of Agriculture, Dominique Bussereau, has sent a memorandum to Commissioner Fisher Boel calling on the Commission to consult Member States before offering any concessions in agriculture in the Doha Round. It also calls on the Commission to

¹http://www.ustr.gov/Document_Library/Press_Releases/2005/October/US_Offers_Bold_Plan_on_Agriculture_to_Jumpstart_Doha_Round.html

²http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2005/asset_upload_file919_8128.pdf

³<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/589&format=HTML&aged=0&language=EN&guiLanguage=en>

⁴<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/357&format=HTML&aged=0&language=EN&guiLanguage=en>

⁵http://www.usda.gov/wps/portal/!ut/p/s.7_0_A/7_0_1OB?contentidonly=true&contentid=2005/10/0437.xml

restrict any concessions which might hamper *community preference*⁶, as well of warning of "lines that cannot be crossed" in the negotiations and reminds the Commission of the negotiating mandate granted to them by the Member States. The letter has also been signed by the Ministers of Agriculture of a further 12 countries, including Austria, Greece, Belgium, Germany, Ireland, Italy, Poland, and Spain.

The calls were quickly dismissed by Commission working level officials as well as by Commissioner Fisher Boel herself who insisted that she was operating completely within the mandate given to her by the Member States.

Switzerland and the G-10

The Swiss Economy Minister, Joseph Deiss, said that the scale of tariff cuts proposed by the US would "wipe agriculture out of our landscapes". This echoes Switzerland's membership of the G-10 group of countries (including Japan, Norway and South Korea) with highly protected agriculture sectors who put out their proposals for Doha earlier this week. The G10 proposals were even less ambitious than those of the EU.

COPA-COGECA, EU farm unions organization

In reaction to the proposals, COPA-COGECA President, Rudolf Schwarzböck, expressed that he was "very, very concerned" at WTO developments, accusing the EU of having overstepped their negotiating mandate. He further described the impact of Trade Commissioner Mandelson's approach as a "failure for farmers, the EU and developing countries".

In a hearing at the European Parliament, he cited the example of beef, for which he described the EU as having cut the price by 30% since the 2003 CAP Reform. He cited that boneless beef from Brazil was now priced at less than €3/kg, which becomes €6.40/kg once the tariff has been paid. This compares with the current EU price of around €7/kg. He then explained that the type of tariff cuts proposed in Switzerland this week by the EU could lead to EU beef being undercut by around 30 to 40%.

COPA-COGECA which represents EU farm groups have described Mandelson's approach to the WTO Doha talks as "a total failure". While COPA-COGECA do not say so openly, they would clearly like to rein back in any ambition on agriculture in Doha. Farm leaders were also keen to stress that Mandelson should be pushing on areas such as animal welfare, GIs, and environmental concerns. However, they saved their harshest words for the US: "Instead of taking a lead to move these negotiations forward, the US is blatantly increasing its own trade distorting subsidies. It is also trying to get a new definition of the blue box so that its counter cyclical payments will escape discipline and it has so far refused to match the EU's offer to eliminate all export subsidies. Nor has it made any attempt to meet the developing countries concerns on market access or cotton."

For more on COPA-COGECA opinion see their [press release](#).

UK Food and Drink Federation

https://www.fdf.org.uk/wto_negotiations.aspx

⁶ Community preference is to favor EU product over non-EU products, effectively maintaining sufficiently high tariff barriers to prevent foreign imports onto EU markets.

LDCs

Mr. Dipak Patel, the Zambian Trade Minister who coordinates the least developed countries in the Doha round noted that the value of the LDC's access to rich country (EU) markets will be eroded by a general reduction in tariffs. The EU has been active in trying to keep vital allies among the African, Caribbean and Pacific (ACP) countries by supporting their calls for Special Differential Treatment and with promises of continued access preferences in exchange for their support for its limited market access proposal. Exports from the less competitive ACP's are nearly completely dependant on their long standing preferential trade arrangements with the EU, particularly for sugar and bananas. He complained that, "The EU cannot expect us to take a positive attitude to Doha if it agrees to reforms that destroy key exports for our farmers."

GAIN Report E23149, "Everything But Arms: Declining agricultural exports from least developed countries" highlights the EU's 'Everything But Arms' program which liberalized tariffs for all LDC exports to the EU except for arms, sugar, rice and bananas (these three latter will be full liberalized by 2009).

OXFAM

The international relief agency Oxfam International accused the European Union Monday of "back-pedaling" on pledges to reform farm subsidies. Oxfam expressed concerns over a call by 13 EU member states to minimize the level of commitment on agriculture by Europe in multilateral trade negotiations, and said that such tactics by key member states "risk paralyzing the talks" less than three months before the crucial World Trade Organization (WTO) ministerial meeting in Hong Kong. Celine Charveriat, head of Oxfam's Make Trade Fair campaign, said in a statement Monday: "Even the modest steps taken by the commission on market access to unblock the recent deadlock will be overturned if these member states succeed in their tactic. This is exactly what the round did not need. We need Europe to lead, to drive the talks forward with its key partners, not put itself on the defensive".

http://www.oxfam.org/eng/pr051011_eu_wto.htm

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